

Message Text

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PAGE 01 SEOUL 04314 050812Z

11/66

ACTION XMB-07

INFO OCT-01 EA-11 ISO-00 EB-11 TRSE-00 RSC-01 DRC-01 /032 W

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R 050149Z JUL 74

FM AMEMBASSY SEOUL

TO USDOC WASHDC

INFO SECSTATE WASHDC 4660

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C O R R E C T E D C O P Y F O R M R N

PASS EXIMBANK

E.O. 11652: N/A

TAGS: BEXP ETRN EGEN KS

SUBJECT: COMPETITIVE FINANCING

REF: STATE 140003

1. EMBOFF ADVISED KOREAN AIR LINES (KAL) OF AUTHORIZATION OF EXIM BANK CREDIT (REFTEL).

2. KAL EXECUTIVE VICE PRESIDENT, C.K. CHO, REFERRED TO EXIM TERMS, 35 PERCENT LOAN AND 20 PERCENT GUARANTEE OF A TOTAL OF \$90 MILLION, AND SAID DOING BUSINESS ON THESE TERMS WAS LIKE TAKING A "COLD SHOWER". CHO FOR CONTRAST CITED FRENCH CREDIT TERMS FOR POSSIBLE KAL A-300 (AIRBUS) PURCHASE. FRENCH CREDIT OFFER WAS AT 7.25 PERCENT INTEREST WITH 12 YEARS TO PAY ON A LEASE/PURCHASE ARRANGEMENT.

3. KAL FLEET RENOVATION PLANS CALL FOR REPLACEMENT OF PRESENT MEDIUM RANGE AIRCRAFT (YS11S, 720S, 727S) WITHIN NEXT FEW YEARS. CHO INDICATED THAT KAL IS INTERESTED IN A TWIN-ENGINE, WIDE-BODY JET. SELLING POINTS FOR A-300 ARE SEATING CAPACITY, SHORT LANDING REQUIREMENT, AND, IRONICALLY, FACT IT USES SAME ENGINE

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AS DC-10 PLANES KAL NOW GETTING FROM US.

4. AS CHO POINTED OUT, FUTURE FOR US AIRCRAFT SALES
IN KOREA IS DIM IF EXIM FINANCING IS UNABLE TO COMPETE
WITH TERMS SUCH AS THOSE FRENCH OFFER.
HABIB

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: AIRCRAFT, PROCUREMENT, BANK LOANS, INTEREST RATES
Control Number: n/a
Copy: SINGLE
Draft Date: 05 JUL 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: shawdg
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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Handling Restrictions: n/a
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ISecure: 1
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Original Handling Restrictions: n/a
Original Previous Classification: n/a
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Review Authority: shawdg
Review Comment: n/a
Review Content Flags:
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Review Exemptions: n/a
Review History: RELEASED <06-Aug-2002 by kelleyw0>; APPROVED <19 FEB 2003 by shawdg>
Review Markings:

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30 JUN 2005

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